



m/045/022

December 3, 2003

Steven F. Alder  
State of Utah Office of Attorney General  
1594 West North Temple #300  
Salt Lake City, Utah

RECEIVED  
DEC 5 2003  
DIV OF OIL GAS & MINING

Re: Principal: Magnesium Corp  
Bond #:  
Check Amt: \$110,000

Dear Mr. Alder:

Enclosed please find a copy of a Release and Assignment regarding settlement of your claim for the amount of \$110,000.

To finalize this settlement please have an authorized representative of your firm execute this Release and return it to Gulf Insurance Company.

If you have any questions regarding this Release, please contact me at the number below.

Sincerely,

*Jack Wilson*

Surety Claims Manager  
Phone (917) 320-4476

*"Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation."*



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## RELEASE AND ASSIGNMENT OF CLAIM AND RELEASE OF SURETY BOND

KNOW ALL MEN BY THESE PRESENTS THAT:

WHEREAS, on the twenty-sixth day of July, 1990, the GULF INSURANCE COMPANY, a Connecticut corporation (formerly a Missouri corporation), executed, as Surety, Reclamation Bond (NO. GA5410413B) in the sum of ONE HUNDRED TEN THOUSAND AND 00/100 (\$110,000.00) DOLLARS on behalf of the Magnesium Corporation of America, as Principal, in favor of the State of Utah Department of Natural Resources Division of Oil and Gas and Mining covering the reclamation of the lands mentioned in the bond.

WHEREAS, the Undersigned has made claim against GULF INSURANCE COMPANY under said bond for the sum of ONE HUNDRED TEN THOUSAND AND 00/100 (\$110,000.00) DOLLARS and does covenant and warrant that the payment of this sum is covered by said bond and is now justly due and owing the Undersigned by said Principal above all credits, off-sets, payments and counter-claims of whatsoever nature or kind.

NOW, THEREFORE, in consideration of the premises and of the payment by GULF INSURANCE COMPANY of the sum of ONE HUNDRED TEN THOUSAND AND 00/100 (\$110,000.00) DOLLARS as full settlement and compromise of said claim the Undersigned hereby releases and forever discharges GULF INSURANCE COMPANY, its successors and assigns, agents and other representatives, from any and all claims and demands of whatsoever nature or kind, arising out of the above stated Reclamation Bond and the alleged default(s) of said Principal under said bond, at law or in equity, from the beginning of time until the day and date hereof and does hereby sell, assign, transfer and set over unto GULF INSURANCE COMPANY in an amount equal to the payment received by the undersigned and all rights, title and interest in and to said claim and all sums of money due and payable thereon and does give and grant to it power and authority to demand and receive the same for its use, and upon receipt thereof, to give discharge of the same to any party thereof. FUTHERMORE, the Undersigned hereby releases and forever discharges GULF INSURANCE COMPANY, its successors and assigns, agents and other representatives, from all obligations, past, present, and future, whatsoever under said bond and the Undersigned herewith returns the original of said bond to GULF INSURANCE COMPANY for cancellation in additional affirmation of its relinquishment of any and all further interest of any kind on its part in said bond. This Release and Assignment of claim is limited to GULF INSURANCE COMPANY and the amounts received which is only partial satisfaction of the reclamation obligations of the principal to the undersigned. The undersigned reserves to itself all remaining rights it may have against the principal and others.

Signed, sealed, and dated this Fifth day of December,

20 03, at Salt Lake City, Utah

State of Utah

Department of Natural Resources  
Division of Oil, Gas and Mining

By: Mary Ann Wright (Seal)

(Please type or print name and title below.)

Mary Ann Wright, Associate Director

000985

**AFFIDAVIT OF QUALIFICATION  
ASSOCIATE DIRECTOR**

--ooO0oo--

Mary Ann Wright, being first duly sworn under oath, deposes and says that she is the Associate Director of Mining for the Division of Oil, Gas and Mining, Department of Natural Resources, State of Utah; and that she is duly authorized to execute and deliver the foregoing obligations; and that said Associate Director is authorized to execute the same by authority of laws on behalf of the State of Utah.

(Signed)

Mary Ann Wright  
Mary Ann Wright, Associate Director, Mining  
Division of Oil, Gas and Mining

Subscribed and sworn to before me this 5<sup>th</sup> day of December, 20 03.

Joelle Burns  
Notary Public

My Commission Expires:

April 4, 20 03.



Attest:

STATE OF Utah )

COUNTY OF SJ ) ss:

000986